

**ANNUAL REPORT FOR 2008 - '09**  
**SOL PLAATJE MUNICIPALITY**

*Submission of annual report to the Executive Mayor Ald. P. Everyday*

*To the Executive Mayor of Sol Plaatje Municipality, Ald. P. Everyday, I have an honour in presenting to you this draft annual report for 2008-09 financial period.*

*G.H. Akharwaray*

**Municipal Manager**

**Sol Plaatje Municipality**

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## **CHAPTER I – INTRODUCTION AND OVERVIEW**

### ***Foreword by Executive Mayor – The Honourable Mayor P. Everyday***

It has been a pleasure serving as your elected Mayor for year 2008/9. This year I have worked to push forward projects and to improve efficiency in service deliver.

Like all other secondary cities in South Africa, Sol Plaatje Municipality is experiencing growth in population. As the population grows, there is a dire need for bulk infrastructure expansion in the long term, and for short to medium term, refurbishment, replacement and overall maintenance of bulk infrastructure cannot be avoided. The focus is however on all bulk infrastructures for basic services.

Through the Neighbourhood Development Grant, we will be embarking on a full scale of development. We have completed the feasibility studies and the capital expenditure will be unlocked in the next financial period. The municipality is in the process of addressing the challenge placed on our sewer treatment plant due to growth in our client base. This has seen us spend an amount of R12 million rand upgrading the plant. This development has allowed us to make a huge improvement on the quality of the effluent water generated.

The unprecedented water crisis has resulted in much greater preparedness. Labour will always be our partner in service delivery but I would like to condemn their actions of for thrashing our city and I would like to apologize for the

inconvenience this caused you. I worked diligently this year to continue the improvement in our budget. The format is designed to increase transparency in budgeting and provide a greater level of detail on costs.

The economic meltdown in the whole world has also been experienced in the Northern Cape, as we all know, this is a province rich in minerals, and we are the hardest to be hit. Notwithstanding the recession, Sol Plaatje has managed to survive through these difficult times, and we are proud to say that we have collected about 75% of the budgeted revenue against the projected collection rate of 85%. We had to be very proactive in spending to ensure that this municipality does not close with a deficit. It is because of this that is the Sol Plaatje Municipal Council expresses their sincere gratitude to the residents of Kimberley. We are still committed to our motto of “We Serve”, with the little that we have.

The previous financial year that has just gone past has been a very challenging year, the service delivery related protests that took the whole country by storm, and we say to you, Rome was never built in one year. As mentioned earlier our commitment to you remains the same year in and year out, that “We Serve”, and we do so with a smile.

I'm delighted on behalf of the Municipality to congratulate the Gariep Kunstfees on their tenth year Anniversary. This festival is part of us and wishes them many more years of building a spirit of togetherness in our city.





I look forward to facing the challenges of the coming year, and the tremendous work that still lies ahead. It is my goal to continue putting the Municipality on the road to success and while building the resiliency to weather the difficult economic times that we all face.

Sincerely

**PATRICK EVERYDAY  
EXECUTIVE MAYOR**



## **MUNICIPAL MANAGER'S REPORT**

Our objective to provide a quality service to all our rate payers remains our priority while addressing the legacy of the past. Our achievements we can agree that much still needs to be addressed with much more vigour.

The Sol Plaatje Municipality has made strides in the provision of services; however training and capacity building including recruiting professionals with critical skills is important if we are to beef up our capacity to do much more. We are faced with a number of challenges that we have identified through our consultation with the communities.

Through our Integrated Development Plan, we have included a number of issues that has been highlighted by the communities like housing, water, sanitation and the construction of an access road in Lerato Park that are currently being implemented through different funding sources.

### **Highlights for the year**

In the past years, the municipality re-organised itself to be in line with the legislative requirements that came with the Municipal Finance Management Act of 2003. We have passed the hurdle of implementation of MFMA, and we had to take another leap for the implementation of the Generally

Recognised Accounting Practise as well as the International Financial Reporting Standards.

Sol Plaatje Municipality is the only high capacity municipality in the Northern Cape, the largest in terms of population and budget. This leaves us with the huge responsibility of ensuring that we are ahead in all respects and provide the necessary support to smaller municipalities. This, will however be assumed in the year ahead and firstly within the Frances Baard region. The district municipality will play a central role to ensure cooperative governance and working towards a common goal.

The municipality capital disbursements for 2008/2009 financial year amounted to R95 138 763 whilst disbursements of an operational nature amounted to R721 810 673. This results in R816 949 436 paid out in the previous financial year. Compared to 2007/2008 financial year, the municipality disbursed an amount of R106 214 300 on capital expenditure and an amount of R607 749 000 operational nature.

Approximately 66% of capital budget was spent on infrastructural development and upgrading at year end. The spending is in line with IDP which requires the municipality to prioritise maintenance, upgrade and expansion of infrastructural requirements. The spending actual on the overall capital budget for was 88.34% and 68.84% for 2008/09 and 2007/08 respectively. The reduced spending is as a result of various factors both internally and externally, but taking into account the challenges we had internally as we do not really



have control over external factors that impact on one's performance, this is an achievement that can be improved on. Sol Plaatje Municipality is not a host city for 2010 world cup. We however have entered into partnerships with various stakeholders including Mangaung, Bloemfontein. We will maximise the potential of Sol Plaatje Municipality in benefiting in as much as we could together with our people. This world cup is something to be reckoned with and we are prepared to be part of it as South Africans.

### SOL PLAATJE INCOME AND EXPENDITURE REPORT 2005/06 TO 2008/09 FINANCIAL PERIODS

#### OPERATIONAL REVENUE AND EXPENDITURE

	Average R'000	2008/09 R'000	2007/08 R'000	2006/07 R'000	2005/06 R'000
<b>Revenue generated</b>					
Property rates	111 484	132 441	120 750	99 894	92 853
Service charges	331 106	406 651	330 680	313 971	273 123
Other revenue	81 816	89 011	88 703	78 367	71 183
Grants and subsidies	117 478	154 780	117 247	95 695	102 191
<b>TOTAL</b>	<b>641 884</b>	<b>782 883</b>	<b>657 380</b>	<b>587 927</b>	<b>539 350</b>

<b>REVENUE</b>					
<b>Expenditure</b>					
Employee costs	216 597	259 604	227 564	199 363	179 857
Remuneration of councillors	8 666	9 573	9 607	9 656	5 829
Bulk purchases	114 243	143 605	112 342	104 461	96 564
Repairs and maintenance	31 610	52 337	32 265	23 203	18 633
General expenses	113 647	124 279	109 712	115 501	105 095
Other expenses	96 276	132 413	103 018	77 005	72 668
<b>TOTAL EXPENDITURE</b>	<b>581 039</b>	<b>721 811</b>	<b>594 508</b>	<b>529 189</b>	<b>478 646</b>

#### CAPITAL EXPENDITURE BY DIRECTORATE

	Average R'000	2008/09 R'000	2007/08 R'000	2006/07 R'000	2005/06 R'000
Municipal manager	350	165	73	1 154	10
Corporate services	1 131	56	110	420	3 940
Community services	3 260	1 928	5 620	3 837	1 653
Finance	3 866	6 798	7 904	189	573
S.E.D.P.	3 254	4 466	3 221	3 294	2 033
Infrast and	68 256	81 725	89 286	34 628	67 834



Serv					
<b>TOTAL</b>	<b>80 117</b>	<b>95 139</b>	<b>106 214</b>	<b>43 523</b>	<b>76 043</b>

As a senior management, it is of critical importance that our collective resolve to implement this integrated approach of development and together we will achieve the noble vision of a sustainable development in a sufficient, safe and healthy environment.

We have been able to implement of majority of all council resolutions through the effective management of the limited resources.

In presenting our annual report to you, I'm hopeful that you will add to the development of our city. God Bless you.

Thanks

G. H. Akharwaray  
**MUNICIPAL MANAGER**





## OVERVIEW

### *General Overview of Sol Plaatje Municipality*

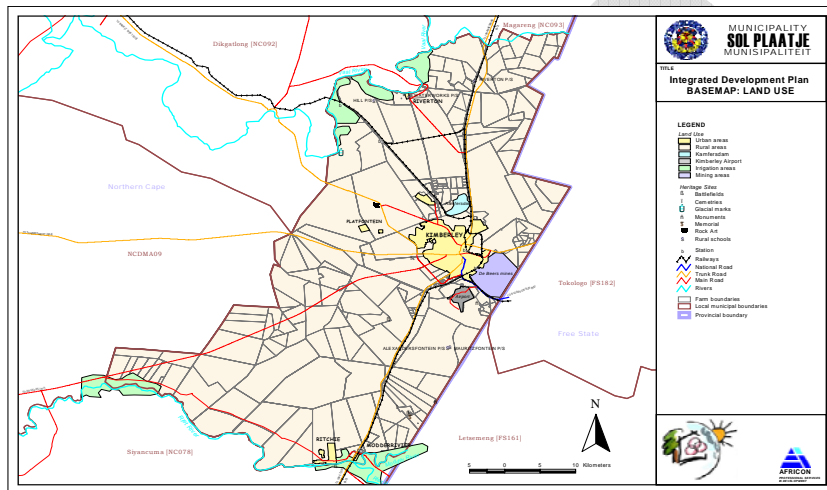
Sol Plaatje Municipality (Local Municipality NC091) is situated on the north eastern border of the Northern Cape Province within the Frances Baard District Municipality, almost in the centre of South Africa. The Sol Plaatje Municipality is named after a prolific journalist Solomon T. Plaatje. Solomon Plaatje was one of the most gifted and versatile Black South Africans of his generation. He made an outstanding contribution in the field of literature in both, his native tongue, Setswana and English. He was an accomplished linguist fluent in several

languages and the first Black South African to publish a novel in English. Solomon Plaatje sang the first recording of Nkosi Sikelele' iAfrica. He died in 1932 and was buried in the West End Cemetery.

The Municipality consists of the City of Kimberley, which also serves as the capital of the Northern Cape and is well connected to the rest of South Africa by road, rail and air. Ritchie, a small urban settlement (Total population approximately 11,000 persons) is also situated in the municipal area. The rest of the municipal area comprises mainly private commercial farmland with extensive cattle and game farming and small pockets of crop cultivation along the banks of the Vaal -, Modder - and Riet Rivers. The total population of the rural area is approximately 8,000 persons.

The Sol Plaatje Municipality has a total population of 245,606 persons made up of 52,120 households and covers an area of 187,300 ha. In the ten year period 1996 to 2006 the population growth was 0.87%

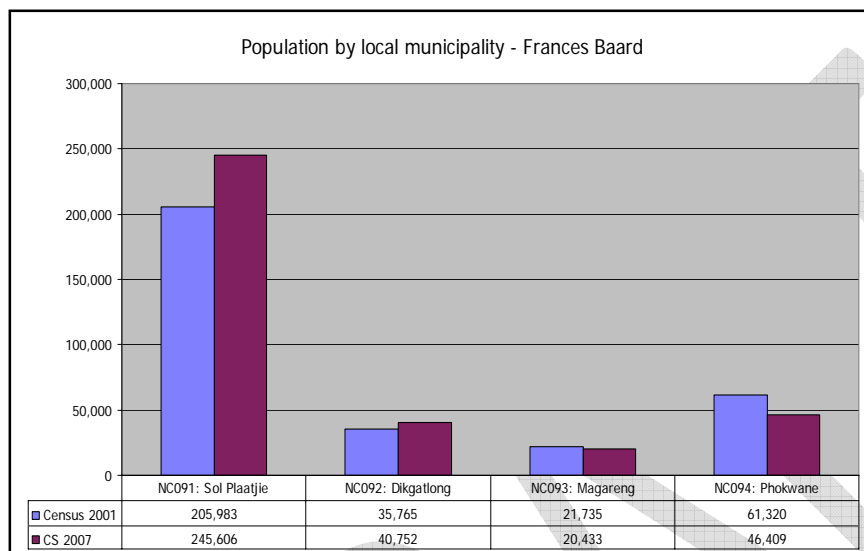
The population residing in the Municipal area is relatively young with 28% of the population below the age of 15 years and 6 % above the age 65 years. Only 8, 1% of persons above the age of 20 have a higher education while 9, 1% has no schooling at all.



It is also estimated that 32, 4% of the residents of SPM are living in poverty<sup>1</sup>

Kimberley still holds the title 'Diamond Capital of the world'. In 1871 an 83.5 carat diamond was found on a farm close to the present location of Kimberley, which

led to one of the biggest diamond rushes in the world. After the diamond rush, Kimberley became the world's largest producer of diamonds. Kimberley contributed greatly toward South Africa's economic development due to this diamond rush. The origins of this diamond rush, the Big Hole, became a world famous tourist attraction which is now a world class open-air museum. The City holds an old-world charm with it being famous for its high quality diamonds and for the rich history and culture that it possesses. Although lacking the furious pace of



South Africa's larger urban areas today, the Victorian grandeur of stately buildings still complements the urban setup.

Although it has been a long time since the "diamond rush" and the then economic boom of the region, Sol Plaatje Municipality is still the largest contributor to the economy of the Northern Cape. It contributes 60, 4% to the GDP of the Northern Cape. The four main contributing sectors to the economy are Community Services (30, 9%), Finance (21, 6%), Transport (16, 5%) and Trade (11, 3%). Mining now only contributes 8, 6% to the local economy.

<sup>1</sup> Global Insight Southern Africa, Economic, socio-economic and demographic status quo of SPM, August 2008



Total number of people employed in both the formal and informal sectors is 63,335 persons (29,4% of the population) while the number of persons unemployed, according to the expanded definition of unemployment, are 31,584 (14,7% of the population). Between 1996 and 2007 the unemployment rate increased by 4, 3% and stands at 38, 8% at present (2007).

Sol Plaatje has historically developed sound basic infrastructure – which has accommodated large mines and industries. Kimberley has many pleasant neighbourhoods, a school system that performs above national norms and a relative compact layout that locates former “township” areas close to the City Centre. In addition the municipality has one of the highest accesses to and service levels of South African cities, allowing it to address its backlogs realistically. However, consistent underinvestment in the city's existing infrastructure threatens the foundations of the local economy and the high level of

### VITAL STASTICS

#### Demographic

Total Area	187,300 Ha <sup>1</sup>
Total Population	245, 606 <sup>2</sup>
Population growth rate (1996-2007)	0, 87% <sup>2</sup>
No of Households	52, 120 <sup>2</sup>
Average household income	R6, 429 pm (3)
Urbanization rate	99, 2% <sup>3</sup>

#### Household Services

Households residing in formal house	83, 8% <sup>2</sup>
Households residing in informal structure	11% <sup>2</sup>
Households with electricity connection	89, 2% <sup>2</sup>
Households with weekly waste removal	91, 8% <sup>2</sup>
Households with flush toilet	84, 4% <sup>2</sup>
Households with piped water in dwelling/yard	92, 3% <sup>2</sup>

#### Economic Indicators

Contribution to NC GDP	32, 5% <sup>3</sup>
Economic growth rate	3, 9% <sup>3</sup>
People employed	63.335(3)

service is a huge challenge to the financial sustainability of the Municipality.

Sol Plaatje is further located within a weak economic region<sup>2</sup> which, in considering the above challenges as well, had to creatively develop a strategy to ensure a long term sustainable development path. This strategy is founded in the Municipality's “*space-economy*” - meaning the geographic distribution of settlements (large and small), the activities within them (residential, commercial, institutional, recreational, and so on), and the relationship of these settlements and activities to the infrastructure that connects and supports them, and links in turn to surrounding agriculture and nature areas.

2 Frances Baard Growth and Development Strategy – December 2007



At the heart of the Refined Strategy is institution building. Without a strong, well-managed municipal institution, the Sol Plaatje Municipality will not be able to meet its challenges.

The refined strategy further comprises seven key points:

***Strengthen critical connections***

The first key point is for the Municipality to strengthen critical connections between its broader jurisdictional area and Kimberley specifically. The municipality is part of a broader settlement system, and will not sustain itself without strong connections to other settlements, their needs, or activities within them.

***Maintain and enhance Kimberley and existing outlying settlements as sustainable, attractive centres of living, services and work within their existing footprints***

Related to maintaining and strengthening critical connections to the Municipality is managing Kimberley and outlying settlements as sustainable, attractive centres of living, services and work.

***Strengthen the Kimberley CBD as the heart of the City and Municipality***

The Kimberley CBD remains the economic and institutional heart of the Sol Plaatje Municipality. The viability of the CBD is

critical in maintaining the role of Kimberley as a service centre to surrounding settlements, a place worthy of connecting to. The viability of the CBD is also critical to the city's ability to provide opportunities for new enterprises to emerge.

***Ensure good access to the CBD and between neighbourhoods***

Critical to maintaining the CBD is ensuring convenient access to it from and between surrounding neighbourhoods.

***Strengthen neighbourhood centres for convenience***

Neighbourhood centres are needed to provide in the daily needs of residents in defined areas for commercial and social services. However, these centres should not individually or collectively compete with the CBD, in that way harming Sol Plaatje's overall position as a service centre or the Municipality's ability to facilitate job creation.

***Prioritise improvements to disadvantaged areas while making the benefits of Kimberley more broadly available***

The Municipality has made significant progress in improving living conditions in disadvantaged areas, ranging from the provision of housing to eradicating service backlogs and improving the quality of public space. Nevertheless, it is important to also make the benefits of Kimberley more broadly available to all residents, specifically through the provision of housing in areas well-located in relation to the CBD.



### *Maximise the capacity and economic potential of the river valleys*

The Municipality should, through incentives and other measures, stimulate appropriate development in the river valleys and surrounding agricultural areas.

The “8-point Strategy” will be utilized as a framework or a backdrop against which development programmes should be assessed

The Municipality is governed through a Mayoral Executive System consisting of an Executive Mayor and Speaker and 9 Mayoral Committee Members who serve as chairpersons of Standing Committees: The following Standing Committees exist (number of meetings held):

- Aesthetic (4)
- Development Planning and Infrastructure (10) ,1 x cancelled
- Arts, Culture and Sport (10), 1 x cancelled
- Finance (15) 1 x cancelled
- Housing (10) 1 x cancelled
- Local Economic Development (8), 1 x cancelled
- Municipal Infrastructure Grant and Inter Governmental Relations (10) g 4 x no quorum
- Organizational Development (11), 2 x cancelled
- Security and Protection Services (9) 1 x cancelled
- Social Development and Health (9) x cancelled
- Audit & Risk Management (8) 1 workshop

- Oversight (10)
- Policy (7)

The Municipal Council consists of a total of 55 Councillors of which 28 are elected Ward Councillors (23 ANC, 4 DA and 1 Independent) and 27 Proportional Representative Councillors (17 ANC, 7 DA, 1 ACDP, 1 AZAPO, and 1 ID).

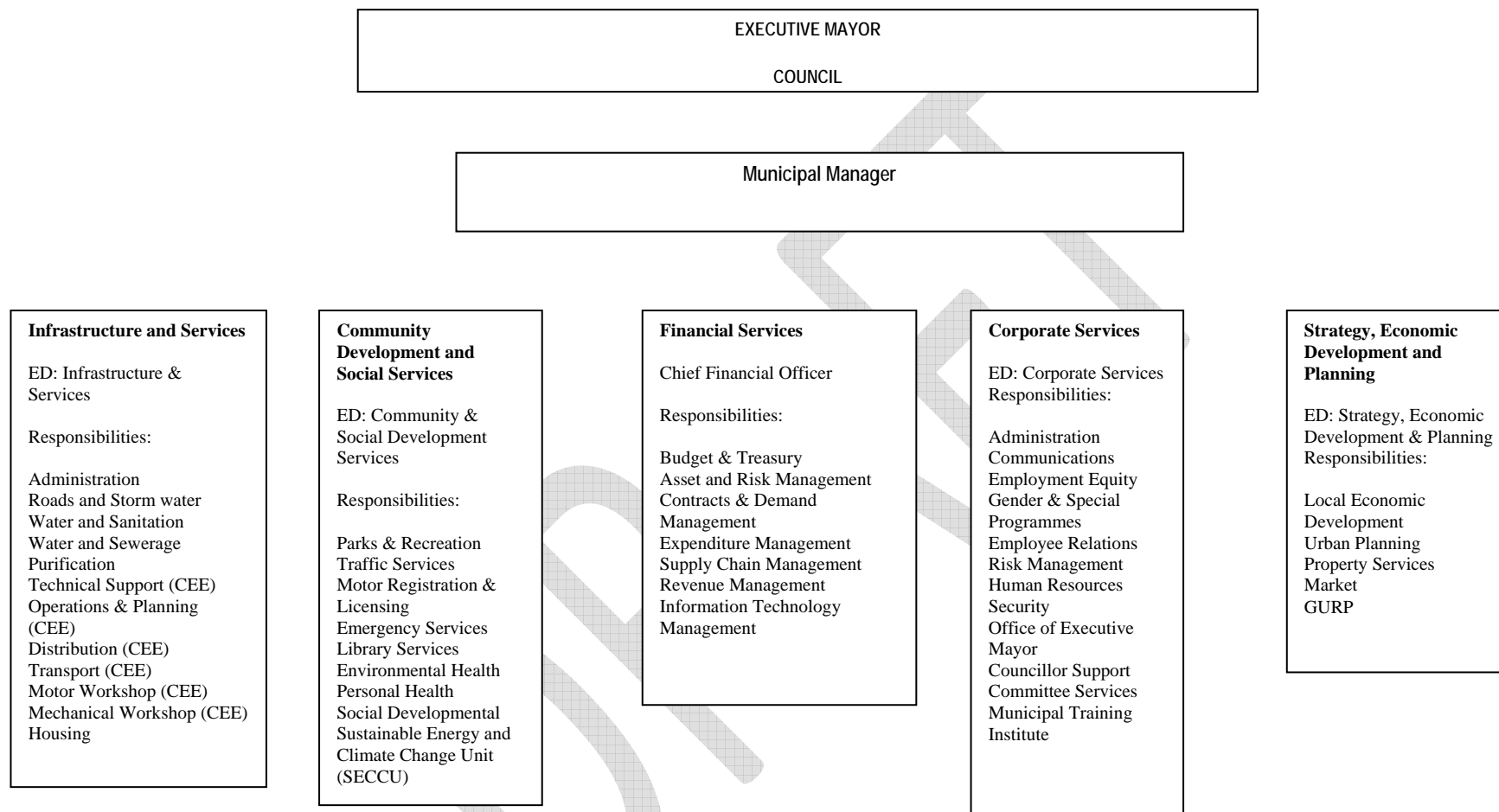
The Municipality has 28 wards with elected Ward Committees.

The Council and Standing Committees meet on a monthly basis. Twenty five (23) Council Meetings were held which includes Special and Informal Council Meetings. The Mayoral Committee met 13 times during 2008/09.

The Municipal Administration is headed by a Municipal Manager with 5 Directors, each heading a Directorate and reporting directly to the Municipal Manager. The organogramme below indicates the accounting lines as well as the functional areas of each Directorate:







## EXECUTIVE SUMMARY

### MUNICIPAL VISION

*SOL PLAATJE, A DYNAMIC MUNICIPALITY THAT PROVIDES A COMPREHENSIVE RANGE OF AFFORDABLE SERVICES TO ALL ITS RESIDENTS*

### MISSION OF THE SOL PLAATJE MUNICIPALITY

To be a dynamic, sustainable and efficient municipality by:

- Focusing on institutional transformation and management systems
- Ensuring access to quality, reliable and affordable services
- Strengthening relations with all stakeholders
- Maximising income through responsible financial discipline
- Providing a challenging and rewarding working environment for all its employees.

This mission provides the foundation for the achievement of the Municipality's priorities

### SOL PLAATJE MUNICIPALITY'S CORE VALUES

The municipality has developed a set of value statements which are intended to govern and modify behaviour across the organization. These values will be "lived" from the top of the organization

#### ○ Customer Focus

"In everything that we do on a daily basis customer satisfaction will be our priority and in this regard the needs of the customer will be paramount".

#### ○ Integrity

"At every level of interface with our customers, partners, peers and subordinates our conduct will be exemplary and constructive at all times".

#### ○ Honesty

"Regardless of the potential consequences, honesty will always be the best policy"

#### ○ Openness and Transparency

"Information and knowledge will be shared willingly in an open manner. There will be no hidden agendas".

#### ○ Developmental Orientation

"We recognise that the success of the municipality does not depend on our own success alone and we will actively seek participation of the public, other spheres of government and municipalities in our region and to link with other municipalities nationally and internationally."



The table below presents an overview of service delivery and financial performance highlights of the Municipality during the 2008/09 financial year.

Type of service/activity	Actual 2007/08	Target 2008/09	Actual 2008/09	% Households with access
<b>Service delivery</b>				
Water connections to formal houses	905	381		82,3%
Communal standpipes informal areas	79	425	420	-
Sewer connections formal areas	940	725	529	84,4%
Sanitation service to informal areas (portable toilets)	20	72	72	-
Upgrading of residential streets (Km)	11,8	7	8,9	-
Existing roads maintained M <sup>2</sup>	-	50,000 m <sup>2</sup>	103,548m <sup>2</sup>	-
Electricity connections to households	486	150	94	89,2%



Additional households serviced with weekly kerbside solid waste removal	803	-	859	91,8%
New low-cost houses built	-	397	187	83.8%
<b>Financial Management</b>				
Revenue collection		71%	59%	-
Capital spent		85%	85%	-
Households receiving free basic services (All)	9,678	16,000	6,589	18%

A more comprehensive report on performance information is provided in Chapter 2 within the following Key Performance Areas:

- o Local Economic Development
- o Basic Service Delivery
- o Infrastructure Development
- o Municipal Financial Viability and Management
- o Municipal Institutional Development and Transformation
- o Good Governance and Public Participation



## CHAPTER 2 - MUNICIPAL PERFORMANCE

The table below indicate the performance of the Sol Plaatje Municipality within the different Key Performance Areas against the set targets for the 2008/09 financial year. During the Executive Mayor's report to Council on the Mid-year Budget and Performance Assessment in January 2009 the Annual SDBIP targets were revised as targets were set that were not in line with the available resources (budget). These targets were revised to be in line with the Adjustments Budget which was adopted by Council in May 2009.

### KEY PERFORMANCE AREA 1: LOCAL ECONOMIC DEVELOPMENT

				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual	Actual	Actual	Target	Actual	
						Q 1 Sep 08	Q 2 Dec 08	Q 3 Mar 09	Q 4 Jun 09	Q 4 Jun 09	
To provide a sound, affordable and predictable environment for business to control its risks and costs in order to retain existing	A Reviewed LED Strategy in line	Strategy, Economic, Development	% Progress to complete a	-	-3	90%	98%	100%	100%	100%	There was public participation on 03 <sup>rd</sup> June 2009. It is now completed and the Deacon Market Studies

3 This target was not set for the previous year





				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual	Actual	Actual	Target	Actual	
						Q 1 Sep 08	Q 2 Dec 08	Q 3 Mar 09	Q 4 Jun 09	Q 4 Jun 09	
economic activity and to attract new development	with the National Framework for Local Economic Development in SA by July 2008	Development and Planning	reviewed LED Strategy								has also incorporated inputs from the IDP, LUMS and SDF in to the LED Strategy
	Application of the Econo monitor to	Strategy, Economic, Development	% Application	New	-	0%	5%	25%	25%	25%	The EconoMonitor was completed in August 2008. Currently we are having a full tool of EconoMonitor which



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual	Actual	Actual	Target	Actual	
						Q 1 Sep 08	Q 2 Dec 08	Q 3 Mar 09	Q 4 Jun 09	Q 4 Jun 09	
	measure growth tendencies in the Local Economy by June 2010	nt and Planning									is in operation as a web based tool and the information is updated quarterly and we have ten users approved and the second quarter information has been updated and copies has already been printed to be sent to the MECs and HODs of various sector department in the Northern Cape.



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual	Actual	Actual	Target	Actual	
						Q 1 Sep 08	Q 2 Dec 08	Q 3 Mar 09	Q 4 Jun 09	Q 4 Jun 09	
	Council adopted CDS with a detailed implementation framework and budget in order to commence	All	% Progress of preparation and approval of CDS	-	-	10%	15%	N/A	75%	100%	This process has changed due to the CDS not getting off the ground. The CDS has now been incorporated into the IDP as a Strategic Chapter, rather than a standalone strategy. The Strategic Chapter incorporates all the issues in the CDS and is linked to a Sector Action Plan



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual	Actual	Actual	Target	Actual	
						Q 1 Sep 08	Q 2 Dec 08	Q 3 Mar 09	Q 4 Jun 09	Q 4 Jun 09	
	nce with implementation by July 2009.										and a 3-year Capital Programme and Funding Plan.



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual	Actual	Actual	Target	Actual	
						Q 1 Sep 08	Q 2 Dec 08	Q 3 Mar 09	Q 4 Jun 09	Q 4 Jun 09	
To maximize the number of jobs created through the municipality's local economic development initiatives, including capital projects by 2012	Number of jobs created through initiatives of the SPM (including EPWP and own projects)	All	Number of jobs	-	2609	129	260	-	New	10965 Man-days recorded	The number of jobs created is reported during project managers updating of project progress per month. (Awaiting information for some of the projects)





				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual	Actual	Actual	Target	Actual	
						Q 1 Sep 08	Q 2 Dec 08	Q 3 Mar 09	Q 4 Jun 09	Q 4 Jun 09	
To ensure that the municipality spent 60% of its procurement budget on goods and services provided by local BEE and SMME enterprises annually	% of procurement budget spent on procuring from local SMMEs and BEEs	All	% Budget spent	60%	72%	77.25%	88%	45%	New	100%	Current system provides locality and not BEE & SMME, in process to change. Changes made Q3



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual	Actual	Actual	Target	Actual	
						Q 1 Sep 08	Q 2 Dec 08	Q 3 Mar 09	Q 4 Jun 09	Q 4 Jun 09	
To ensure that the spatial requirements are adhered during implementation of municipal and other projects	To take the SDF into consideration with the implementation of projects	All	% Projects considered	-	-	-	-	Not measured	New	100%	



**KEY PERFORMANCE AREA 2: SUSTAINABLE SERVICE DELIVERY**

Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	2007/08		2008/09					Reason for Variance
				Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
To provide 1,215 households in formal areas with a metered water connection by June 2009/10	Number of households in formal areas provided with metered water connections	Infrastructure and Services	No. of households	1215	905	0	0	0	381	303	300in Lindane, 3 in the Infill areas, and an addition by Waterworks.)
To provide 5,645 households in formal settlements with basic sanitation by 2011/12	Number of households in formal areas connected to the sewer system	Infrastructure and Services	No. of households	0	940	0	300	725	725	529	The following areas were connected to the sewer system: 184 Ubuntu, 25 White City, 16 Mathibe Grounds, and 304 Lindane. Variance is due to the Ikageng and Donkerhoek projects



Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	2007/08		2008/09					Reason for Variance
				Target June 2008	Actual Jun 2008	Actual Q 1	Actual Q 2	Actual Q 3	Target Q 4	Actual Q 4	
						Sep 08	Dec 08	Mar 09	Jun 09	Jun 09	
											commencing late in the financial year and therefore will be included in the next financial year.
To provide 8,400 households with water services in informal areas by 2011/12	Number of households provided with potable water	Infrastructure and Services	No. of households	-	250	200	12	-	425	420	A number of standpipes were installed in the following areas: Promise land 7, Ramorwa 4, Lerato Park 15, Ritchie 10 and Greenpoint 6. It is assumed that at least 10



Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	2007/08		2008/09					Reason for Variance
				Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
											Households share a standpipe and therefore the total number of houses provided with access to portable water is
To provide 8,400 households with sanitation services in informal areas by	Number of households connected with sanitation	Infrastructure and Services	No. of households	-	50	0	72	72	72	72	12 Toilets were built. (3 Platfontein, 4 Greenpoint, 4 Roodepan and





Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	2007/08		2008/09					Reason for Variance
				Target June 2008	Actual Jun 2008	Actual Q 1	Actual Q 2	Actual Q 3	Target Q 4	Actual Q 4	
						Sep 08	Dec 08	Mar 09	Jun 09	Jun 09	
2011/12	services in informal areas										1 Ritchie) assuming that 1 toilet will serve 6 households the total number of households served is 72.



To reduce water losses to 15% by 2010/11	% reduction in water losses	Infrastru cture and Services	% reduction	16.5 %	39%	39.6 %	-	27%	26%	42%	No provision was made in the FY to deal with the issue specifically. Currently have received Tech Assistance from DBSA a tender will be advertised in Aug for the Non revenue water minimization plan.



To reduce electricity losses to 11% by 2010/11	% reduction in electricity losses	Infrastructure and Services	% reduction	13%	13.37%	-	-	-	14%	12.26%	By passed prepayment meters and old Plessey meters to be replaced
To ensure that 50kms of roads are surfaced by 2011/12. (Total backlog 257 Km)	Additional km roads surfaced	Infrastructure and Services	No of Km	10	11.8	0	2.7 km	3.5 km	7 km	8.9 km	
To provide shelter for all by 2014 based on current demographic projections. (Backlog 14,794 units)	Number of subsidised houses provided	Infrastructure and Services	No. of households	-	-	-	198	210	397	187	
	Preparation of a 5-year Integrated Housing Plan by July		% progress	-	-	-	25%	50%	100%	0%	A draft Integrated Housing Plan was prepared by service providers in Oct 2009 but did not comply with the requirements



	2008										of the IDP Housing Chapter as prescribed by the National Dept of Housing. An integrated Human Settlement Plan will be prepared to be completed by Sep2009.
To provide 1,800 households with electricity connections in the Sol Plaatje municipal area by 2011/12 (Total backlog 7,686)	Number of households provided with electricity connections	Infrastructure and Services	No of households	300	486	0	0	75	150	94	Additional funding required from SPM to complete Soul City Phase 2
To ensure that all households receive a weekly solid waste removal service	Number of additional households provided with solid waste removal services	Infrastructure and Services	No of additional households	New households receiving service	803	0	600	-	New households added	859	859 Soul City households have been added to the refuse collection network.



To maximize the number of indigent households receiving free basic services by 2011/12	To maximize the number of indigent households receiving free basic water by 2011/12	Infrastructure and Services /Financial Services	No of additional households	-	-	9950	9906	9906	16 000		Information not yet confirmed
	To maximize the number of indigent households receiving free basic electricity by 2011/12	Infrastructure and Services /Financial Services	No of additional households	-	-	9950	9906	9906	16 000	6589	
	To maximize the number of indigent households receiving free basic alternative energy by	Infrastructure and Services /Financial Services	No of additional households	-	-	-	-	-	-	-	The provision of alternative energy forms part of the recently formulated SPECCS and investigations



	2011/12											are ongoing to implement this strategy.
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**KEY PERFORMANCE AREA 3: INFRASTRUCTURE DEVELOPMENT**

				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
To ensure a sustainable and well maintained infrastructure development programme for SPM by 2011/12	A Council adopted Comprehensive Infrastructure Plan by August 2008	Infrastructure and Services	% progress in preparing Plan	-	-	80%	80%	98%	100%	100%	
	A Council adopted 5-year Integrated Infrastructure and Assets Maintenance and Operations Plan by July 2008	Infrastructure and Services	% progress in preparing Plan	100%	70%	70%	75%	75%	100%	75%	This process refers to a pilot project. This process still need to be rolled





				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
											out to the rest of the urban area
	M <sup>2</sup> of road patched and resealed annually	Infrastructure and Services	M <sup>2</sup> of roads patched and resealed	-	-	45 000 m <sup>2</sup>	52.466 m <sup>2</sup>	-	50000 m <sup>2</sup>	103548 m <sup>2</sup>	
	Development and	Infrastructure and	% Progre	65%	75%	75%	90%	95%	100%	100%	Adopted by



Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	2007/08		2008/09					Reason for Variance
				Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
	implementation of a Sustainable Energy and Climate Change Strategy (SECCS) by September 2008	Services/Community Development and Social Services	ss in developing a sustainable energy strategy								Council in June 09
	To realise at least a 10% saving on the SPM's electricity consumption of 103MVA by July	Infrastructure and Services/Community Development	MVA reduction in electricity consu	-	-	96MVA 8%	93MVA 10%	-	93MVA	93MV	In accordance with 10% saving



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
	2008	and Social Services	mption								target



KEY PERFORMANCE AREA 4: FINANCIAL VIABILITY AND MANAGEMENT<sup>4</sup>

Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	2007/08		2008/09					Reason for Variance
				Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
To increase the payment level to 87% by 2010/11 for current billing	% increase in payment levels	Financial Services	Payment levels	71%	59%	-	46%	-	80%		
To spend at least 85% of the capital budget annually	% of the capital budget spend annually	Financial Services All	% spend	85%	85%	8.15 %	20%	41%	85%		

<sup>4</sup> Financial Statements not yet finalised when this report was prepared. Financial information will be provided once financial statements are finalised.



Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	2007/08		2008/09					Reason for Variance
				Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
To spend 100% of the operational budget annually	% of the operational budget spend annually	Financial Services  All	% spend	-	-	10.65 %	47%	-	100%		
Maintain the debt coverage ratio at current levels or at least 2:1 against net assets of the municipality	Ratio of debt coverage	Financial Services	Ratio	2:1	31,06 :1	31.64	37.78	33.59	2:1	32.87	



Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	2007/08		2008/09					Reason for Variance
				Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
To reduce the ratio of outstanding service debtors to revenue by 2010/11	Ratio of outstanding service debtors to revenue	Financial Services	Ratio	1:1	2,46:1	2.64	3.04	3:62	4:5	3.76	
Increase the cost coverage ratio to 1:1 annually or maintain the current status	Ratio of cost coverage	Financial Services	Ratio	1:1	2,46:1	0.71	0.62	1.05	1:1 or maintain current status	0.45	
To procure and implement a functional integrated electronic financial	A fully functional electronic financial system in	Financial Services	100% functional financial	-	-	95%	95%	79%	100%		



Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	2007/08		2008/09					Reason for Variance
				Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
management system to efficiently manage the finances of the Municipality compliant to the MFMA by July 2008	operation by 1 July 2008		system								
To improve the Municipality's Credit rating by 2011/12	Improved credit rating 2011/12	Financial Services All	Credit rating	-	-	New	A3.ZA	-	A3.za	A3.za	





KEY PERFORMANCE AREA 5: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
To ensure that all levels of personnel on the organogramme of the SPM is 100% representative and in line with the employment equity plan of the Municipality by June 2009	Representivity in terms of the SPLM Equity Plan	Corporate Services	% Representivity	100%	80%	20%	60%	55%	70%	70%	
To enhance	Improve	Financial	Turnar	<R30K	-	-	14 <sup>2</sup>	-	8	8-12	The actual



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
service delivery with efficient institutional support by June 2009	turnaround time of SCM process	Services All	ound time (weeks)	=2wks <R200k=21days>R200k=6wks Highly tech bids require expert advice & PPP's							turn-around time is not recorded and is therefore estimated. The turnaround time is supposed to be 3 Weeks after opening of



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
				= 9 mths							tenders. This is not being achieved due to the following reasons:- 1) Continuous postponement of meetings. 2) Introduction of a new



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
											electronic procurement system (Intenda) that is not functioning 100%
	Improvement on turnaround time on applications for building	Strategy, Economic Development and Planning	Turnaround time (weeks)	2	3	2.5	3	-	3	3	



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
	plan approval from date of receiving the correct and complete application	All									
	Improvement on turnaround time on	Strategy, Economic Development and	Turnaround time (week)	24	40	20	28	32	25	25	



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
	applications for development applications from date of receiving the correct and complete application (excl. appeals, EIAs, Traffic	Planning  All	s)								



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
	Impact Studies, etc.)										
To ensure completion of a Human Resource Strategy, aligned with the IDP by	Council adopted HR Strategy	Corporate Services	% completion of HR Strate	100%	75%	0	10%	40%	100%	40%	Still awaiting funds from DBSA for completion of





				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
2008			gy						100%	100%	strategy
To ensure 100% expenditure of the allocated budget to implement the Workplace Skills Plan annually	% expenditure of budget	Corporate Services	% expenditure	100%	100%	38%	40%	38%			
To ensure that all Section 57 managers comply with the minimum competency levels	Number of Section 57 Managers who have attained	Corporate Services	No of Managers attaining			10%	50%	70%	40%	40%	In progress but the availability of funds is



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
as prescribed by the Municipal Regulations on Minimum Competency Levels by 2010	the necessary higher qualification as prescribed by the Regulations	All	prescribed higher qualification								a problem
To design an organisational structure by June 2009	Design of the organisational	Corporate Services	% progress	100%	20%	0	60%	95%	100%	95%	Organogramme has been designed. To be



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
	structure										reviewed and submitted to Council for approval
To populate the organisational structure by 2011/12	% of approved post on Organogramme competently filled	Corporate Services  All	% progress	-	-	15%	0%	45%	60%	45%	Moratorium in place for filling of positions



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
To ensure that the Council adopted Management Information System (MIS) Plan is fully implemented by July 2009	Implementation of the MIS	Financial Services	% progress	-	-	-	0%	0%	100%	0%	A Management Information Strategy Plan was completed in June 2005 and submitted to Council for adoption. This Plan was however never



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
											implemented although it contained all the legal requirements of such a Plan and was also aligned to the IDP. This Plan is available on the SPM's Intranet. This Plan, due to various



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
											changes within the IT environment needs to be reviewed and implemented as a priority. Funding is however required to secure the necessary expertise to assist with



				2007/08		2008/09					Reason for Variance
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual Jun 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
											the review and implementation process





# KEY PERFORMANCE AREA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	2007/2008		2008/2009					Reason for Variance
				Target June 2008	Actual June 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	
Preparation of a comprehensive Communication Strategy for the Sol Plaatje Municipality by 30 September 2008	Council adopted Comprehensive Communication Strategy implemented	Corporate Services	% completion of Communication strategy	100%	95%	80%	100%	50%	100%		No information received
To ensure an unqualified audit report for the 2010/11 Financial	Implementation of Phase 1 (47 qualifications) of the Audit Intervention	All	% implementation of Phase 1	-	-	10%	10%	10%	100%		No information received



				2007/2008		2008/2009					
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	Reason for Variance
Year	Strategy submitted to stakeholders on 20 June 2008		of the Audit Intervention Strategy	Qualified audit report	-				100 %		
	Preparation of a detailed Audit Intervention Strategy that will address all issues raised by the AG in the 2006/07 AG Report	All	100% completed detail Audit Intervention Strategy			80%	80 %	80%			



				2007/2008		2008/2009					
Strategic Objective	Key Performance Indicator	Responsible Directorate	Unit of Measure	Target June 2008	Actual June 2008	Actual Q 1 Sep 08	Actual Q 2 Dec 08	Actual Q 3 Mar 09	Target Q 4 Jun 09	Actual Q 4 Jun 09	Reason for Variance



## CONCLUSION

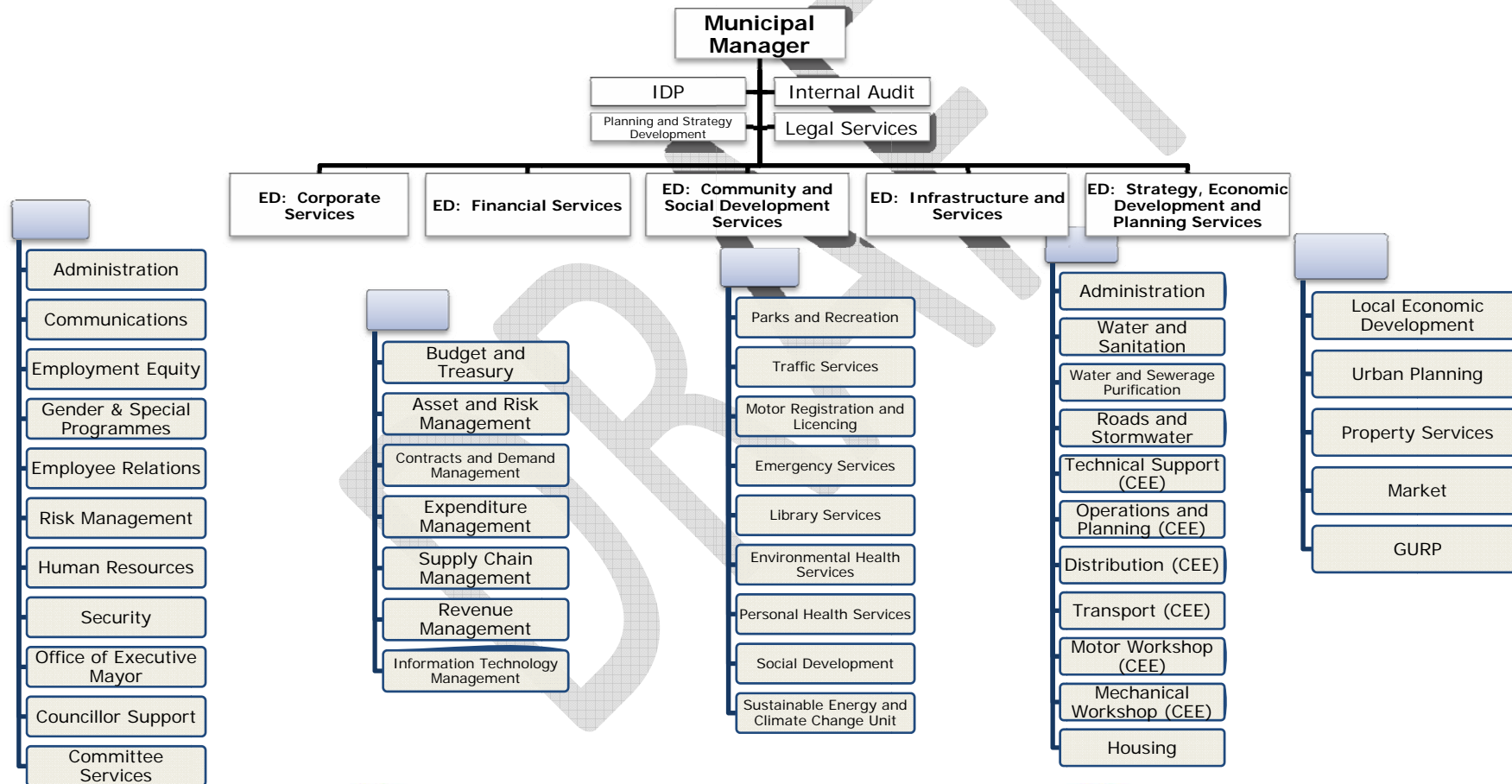
Not all the targets were met during the financial year and attention will be given to address these by the involvement and commitment of the Executive Management Team. The root causes for under-performance will be addressed to systematically improve Municipality's performance on all set KPI's and targets. In practical terms, this implies that the following interventions be applied during the coming financial year:

- Establish a system of governance whereby the Executive Mayor and Mayoral Committee on a regular basis meet with the Municipal Manager and the Executive Directors to ***assess performance on a regular basis*** in order to intervene where under performance is evident, and report this to Council at least quarterly.
- Manage the Executive Management Team as a ***strategic team***, by managing their individual performance, but also binding them into a cohesive team that serves as the ***point of integration*** in the municipality.
- Firm up on ***management processes***, especially the availability and maintenance of critical management information, the establishment of monitoring and reporting systems that will integrate financial and IDP non- financial reporting.
- ***Stop unchecked growth of the staff establishment*** and start the process of ***building capacity in critical areas*** in accordance with a credible skills development plan.
- ***Improve management processes and procedures***, especially in terms of capturing, maintaining and reporting of performance information.
- ***Finalise the organisational structure***, staff placement and recruitment process.



## CHAPTER 3 – HUMAN RESOURCES AND OTHER ORGANIZATIONAL

### Organizational chart



Skills development for both employees and residents of Sol Plaatje is critical and in line with the IDP. Two employees are participating in the Electrical Apprenticeship learnership. This approach maximises human development and capacitates people for both present and future employment. During the 2008 / 2009 financial year, 53 experiential training students received training in various fields. A total of 681 employees received training in the 2008 / 2009 financial year, at a cost of R603 424-00.

The following table provides a breakdown of training beneficiaries as a % of the total per group:

Occupational Group	Total
Legislators	52,83 %
Directors and Corporate Managers	36,36 %
Professionals	26,42 %
Technicians and Trade Workers	27,81 %
Community and Personal Service	38,73 %

Workers	
Clerical and Administrative Workers	26,68 %
Machine Operators and Drivers	20,33 %
Labourers	10,98 %

A break-down of ABET attendance is as follows:

Abet Levels	Number
ABET Level 1	2
ABET Level 2	5
ABET Level 3	7
ABET Level 4	1



### Summary of Beneficiary Trained Data:

Total number of beneficiaries ..... 681

Beneficiaries as % of total employees..... 36, 30 %

Total number of black beneficiaries 78%

Black beneficiaries as % of total beneficiaries 36, 14 %

Total number of woman beneficiaries 161

Woman beneficiaries as % of total beneficiaries 8, 58 %

The Municipality's External Capacity Development and Skills Development Programmes are all meeting the National Qualification's Authority requirements.

The Council recognises that raising motivation and skills levels is essential to continued improved service delivery.

As a result skills development of the employees of Council is a top priority. Skills development is aimed at developing skilled employees to perform their jobs to acceptable standards.

The Skill programme planned for 2008 / 2009 financial year targeted all employees from executive to elementary levels. Emphasis was placed on the CPMD training for officials and Councillors; ABET Training, Basic Safety, Batho Pele / Client Services, First Aid and Security related training.

The following table indicates the number of employees trained per course.

Training Course	Number
ABET Level 1	2
ABET Level 2	5
ABET Level 3	7
ABET Level 4	1
Assessor	8
Basic Safety	37



Training Course	Number
Basic Supervision	10
Batho Pele / Client Services	70
Computer Training	2
Certificate Programme in Management Development (CPMD) – SETA	10
CPMD – Wits	12
Driving Licence Examiner	6
Blow Torch	5
Employee Rights	39
Fire Arm	36

Training Course	Number
Fire Investigation	4
First Aid	42
HIV Regulations	12
Hazmat Technician	4
Health and Safety Representatives	30
HIV / Aids	1
Interpersonal Communication	16
Management Training	1
Municipal Finance Management Act for Councillors	27
Municipal Finance Management	2





Training Course	Number
Programme	
Operations & Maintenance Sanitation Training for process controllers	3
Peace Officer	38
Peer Educator	3
Records Management	2
Registry Workshop	12
Request for Sourcing	29
Recognition of Firearms and Explosives	1
Secretarial	1

Training Course	Number
Security Training Grade A	42
Security Training Grade B	37
Security Training Grade C	27
Security Training Grade D	22
STI Stats Data	1
Supply Chain	1
Tuberculosis	1
Train the Trainer	5
Water & Wastewater	12
Workplace Communication	55



Training Course	Number
<b>TOTAL</b>	<b>381</b>

The employment equity policy of the municipality aims to:

- Foster diversity in the workplace
- Eliminate all forms of discrimination
- Ensure that all people in the region are equitably represented within the municipal administration
- Prepare the ground for effective change through appropriate and ongoing investment in training and development
- Prohibit and combat unfair discrimination and harassment among employees



- Provide reasonable accommodation of designated groups, and in particular people with disabilities

The plan intends to address numerous affirmative actions such as the auditing of policies for discriminatory clauses, diversity management interventions and an audit of the work environment for "friendliness" to people with disabilities. All employment policies and practice are reviewed to be in line with best practices and legislative requirements.

Occupational Categories	MALE				FEMALE				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	25	5	0	18	11	1	0	2	62
Professionals	17	12	0	17	14	9	1	16	86
Technicians and associate professionals	13	18	1	6	4	1	0	1	44
Clerks	115	46	1	7	146	71	2	55	443



Service and sales workers	72	45	1	13	28	19	0	4	182
Skilled agricultural and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related traders	20	24	1	8	2	0	0	0	55
Plant and machine operators and assemblers	72	61	1	3	0	0	0	0	137
Elementary occupations	562	200	0	5	94	21	0	3	885
Apprentices	0	0	0	0	0	0	0	0	0
<b>Total permanent</b>	<b>634</b>	<b>328</b>	<b>5</b>	<b>65</b>	<b>181</b>	<b>81</b>	<b>3</b>	<b>73</b>	<b>1 370</b>
Non-permanent employees	262	83	0	12	118	41	0	8	524



<b>TOTAL</b>	<b>896</b>	<b>411</b>	<b>5</b>	<b>77</b>	<b>299</b>	<b>122</b>	<b>3</b>	<b>81</b>	<b>1 894</b>
Persons with disabilities	0	0	0	2	0	0	0	2	4

Currently, 60 % of all executive managers are from the designated groups.

The Municipality values stability in the workplace and, through the Labour Forum, all labour-related issues are ironed out between the employer components and the labour components represented by the trade unions IMATU and SAMWU.

Staff movements – terminations and appointments for the current financial year – are indicated in the table below:

	<b>MALE</b>				<b>FEMALE</b>			
	African	Coloured	Indian	White	African	Coloured	Indian	White
196 Terminations	79	35	0	9	8	7	0	8
299 Appointments	139	53	0	5	78	19	0	5
108 Promotions	33	27	0	6	19	12	2	9



The following table presents information on the pension funds in existence in Sol Plaatje Municipality:

	Number	Council Contribution %	Defined Benefits	Defined Contribution
SALA	439	20,78 %	All	-
CJF / CJPF	803	18 %	167	580
SAMWU	52	18 %	-	All
MEPF	65	15 %	All	-
MCPF	37	28,75 %	All	-
IMATU / SANLAM	2	18 %	All	-

No future risk, post-retirement has been budgeted for.



The following table illustrates information on the medical aid schemes in operation in the Municipality:

Scheme	Council's Annual Contribution
LA HEALTH	R87 417-00
BONITAS	R909 306-59
HOSMED	R26 979-82
MUNIMED	R181 519-62
SAMWUMED	R218 481-00
KEYHEALTH	R199 076-40



The above amounts reflect Council's monthly portion of contribution.



#### **MTI - the Municipal Training and Development Institute, Northern Cape**

In the Corporate Directorate a section namely External Training and Development is positioned. This section operates as an Educational Trust known as MTI. This unit was established as a joint venture between the then Provincial Department of Housing and Local Government and the Swedish International Development and Co-operation Agency (Sida) for the Municipal Development Programme from December 1997. The establishment of the Municipal Development Programme was supported and endorsed through a formal agreement between the Provincial Government, SALGA

Northern Cape, Sol Plaatje Municipality and the Swedish Government as represented by Sida. Beneficiaries from this support programme were members of SALGA Northern Cape and councillors and officials of municipalities of the Northern Cape through various programmes, such as:

- Local Government Development Support Programme (LGDSP) [development of training materials and replication of models through task teams]
- Municipal Development Unit (MDU) [located in the Department of Housing and Local Government to source development needs of municipalities, support capacity building in DHLG and further support the LGDSP]
- Municipal Training and Development Institute (MTI) [provide training and development support to municipalities, based on needs as expressed]

MTI was initially funded by SIDA on condition that the donor funds become diminished over the years allowing the components to slowly take over the financial responsibilities themselves and for them to strategize in becoming sustainable and self-sufficient with local funding. By agreement Sol Plaatje has assigned two staff members to assist with this programme.





A Board of 8 members that represent SALGA Northern Cape, the Department of Education, the Department of Co-operative Governance, Human Settlements and Traditional Affairs, the most representative municipal Unions and Independent Experts govern the administration.

The purpose of MTI is for it to ensure the capacitation of municipalities by providing action-oriented training to strengthen and improve service delivery. Training Programmes it has developed include: Councillor Training; Integrated Development Planning; Water and Sanitation; Municipal Information; Professional Client Service Delivery; etc. The establishment of this programme is in line with the National Skills Development Strategy, the general principles of the RDP and Growth and Development Strategy. It also has been linked to the Provincial Growth and Development Strategy of the Northern Cape Province.

MTI has aligned the training materials with the SAQA unit standards and was granted accreditation as a provider since 16 October 2006 with the Local Government Sector Education and Training Authority. Later too with the ESETA for three Skills programmes IDP training programme it offers related to the O&M Project.

MTI is still very instrumental and provides excellent facilitating and co-ordination services of training, both accredited and non-accredited, for the municipalities in the area of Operations and Maintenance – a project run by the Department of Housing and Local Government and the Department of Water Affairs and Forestry.

In 2008 / 2009 the following training was rolled out:

Training Programme	Beneficiaries
Assessor	4
Moderator	4
Labour relations	20
Health and Safety Representatives	60
Train-the-trainer	13
First Aid	49
Project Management	18
Records Management	24
Municipal Finances for councillors	142
Management	20



Needs analysis Workshops	29
Water and Wastewater	37
Cherry picker training	6
Workplace Coaching	17
<b>Total for the SETA funds</b>	<b>443</b>



## **CHAPTER 4 – AUDITED STATEMENTS AND RELATED REPORT OF THE CHIEF FINANCIAL OFFICER**

### **INTRODUCTION**

The financial year ended 30 June 2009 has been a challenging year for Sol Plaatje Municipality, the South African Economy and the world at large. The challenges were brought about by a sudden credit crunch that started in the American Economy and precipitated and in no time, after 17 years of unprecedented economic expansion, South Africa reported a possibility of entering into a recession and eventually recession hit the country, factories closed, some down sized, re-organised and more than a million of jobs in the formal sector were lost.

The Northern Cape as a province was hit hard as it specialises in mineral resources. A decrease in demand of final products and commodities manufactured by using iron ore that Northern Cape produces and exports, it led to cancellation of orders, piling up of raw materials, and ultimately productions and to be stopped, mines closed to cut on salaries and overhead manufacturing costs.

As all this was happening, the municipality is anticipating people to come through their doors to make a payment on services rendered, people were coming in drips and drops, and like other municipalities, cash flow started to manifest itself and this required proper planning to ensure that compliance

with regards to legislative requirements on payment of creditors. Capital programme was at risk of implementation as funds to pay those service providers was based on prioritisation of payments.

At the end of it all, the municipality reported as at 30 June 2009, a collection rate of 65.50% calculated based on the increase in consumer debtors when compared year to year. This collection rate is lower than the average of the previous 3 years which was approximately 84%.

Notwithstanding the above, the balance sheet of the municipality has grown in terms of infrastructure assets that will promote an improved service delivery as well as providing the services for the first time in previously disadvantaged communities of the greater Sol Plaatje Municipality. This is however not enough when compared to the infrastructural requirements to render decent basic services of the same quality and class at a cost effective and efficient manner.

There are however, overarching challenges that will have to be properly thought of, plan and implement resolutions especially with regards to assets management and the unbundling of bulk infrastructure assets, taking them up in the asset register and maintain that asset register in conjunction with the users who are also the custodians of such assets. Supply Chain management is also one of those areas that will have to be addressed as a matter of urgency to ensure compliance, value for money and enhanced service delivery.



## **FINANCIAL HEALTH**

Since the announcement of the global economic meltdown and the confirmation by Statistics South Africa and the National Treasury that the economy of South Africa indeed has reached a stage of economic recession, the municipality's financial position has always been adequate to run the operations effectively without delaying nor prioritising creditor payments. Cashflow became a matter of concern from September 2008 and was managed appropriately. The situation started to pinch during the last 2 months of the financial year and contingency plans were put in place and were successful.

Since July 2009, the municipality finds itself in a more stabilised environment after having taken some interventions of spending wisely in terms of the needs and not because you want to spend. This has actually contributed in the building up of financial resources that were depleted close to nothing by 30 June 2009 and slowly but surely our aim of building up reserves equivalent to 3 months of financial requirements will materialise some day.

The improved financial health in the first quarter of 2009/10 can be attributed to lot of factors and changes that took place in Sol Plaatje Municipality which impact on the perception of the municipality and the image, consumer and staff confidence in the municipality, management and leadership at large is improving and there is great

improvement in timeframes in decision making, at least once week management meets to make administrative decisions to support service delivery and performance of various teams and professionals within the Sol Plaatje organogramme and outside.

## **FINANCIAL SERVICES DIRECTORATES HIGHLIGHTS**

The balance scorecard of the municipality for financial management and viability of the municipality focused on collection rate, spending on both capital and operational budgets of the municipality, comprehensive and reliable financial information system, an unqualified audit opinion and an improved credit rating. These reflect to the core functions and responsibilities of the financial services directorate, and together with the municipal manager, we are in a drive of achieving the impossible, a clean audit report for 2010. The performance on the above listed KPI has been detailed in previous chapters.

## **FINANCIAL PERFORMANCE VARIOUS SERVICES**

### **ACHIEVEMENTS**

The financial services directorate has set itself various targets as reported in detail in chapter 2 of this report. The following will however be highlighted amongst the rest;

## **IMPLEMENTATION OF THE NEW FINANCIAL SYSTEM**



With the conversion of accounting reporting, from IMFO standards to GAMAP/GRAP/IFRS and GAAP, the municipality found itself in a situation of having to review the entire financial management information system. A decision was subsequently taken that the financial system that was in use should be replaced to ensure conformance with the requirements as set out by National Treasury and the office of the Accountant General.

All supply chain processes were followed and Business Connexion's e-Venus was procured and rolled out in time for the 1<sup>st</sup> of July 2008. The system is interlinked with various other sub-systems for Payroll Management and Human Resources, Assets Management and Assets register, Creditors payments and Supply Chain management. All these sub-systems have been rolled out and are in use.

### **ASSETS MANAGEMENT**

On implementation of the asset management system, the financial services directorate embarked on a massive project of assets take up.

This project focused mainly on office equipment and inventories. Offices and all the equipment and inventories were bar-coded. For the first time, we had a signed inventory list that complied with the assets management requirements in line with GRAP standards.

The next step on assets management is to embark on a massive project together with the Infrastructure and Services Directorate to unbundle all the infrastructure related assets and network reticulation for water, electricity and sanitation. This project is expected to take about 4 months and must be completed by no later than the end of April in 2010.

### **REVENUE MANAGEMENT**

Through the various challenges SPM faced with falling collection rates capacity shortages and a general negative sentiment toward the National Economy we have maintained a positive approach to the enhancement of our revenue sources and specifically our debtor's management. Several strategies met the conclusion of the planning and service procurement advertisement phases. These include the drive to replace broken and bypassed prepaid electricity meters, outsourcing a portion of our debtor's book for rehabilitation and reviewing the entire revenue process flow and structure.

Sol Plaatje Municipality has 8 154 registered indigents who receive a subsidy for basic services. The total cost of this subsidy is R 14 986 850 for the year ended 30 June 2009.

The implementation of the new financial system placed strain on our resources as well as it having interrupted our billing and credit control cycles as is evident in our 1<sup>st</sup> quarter payment



levels. Our billing is now stabilized and we issue on average 55 000 accounts per month.



MONTHLY BILLING 2008/9 Including Basic Charges									
MONTH		ELECTRICITY				MONTH		WATER	
		number	amount				number	Amount	
	08-Jul	28441	R 70 459 714.00				08-Jul	44782	R 22 889 362.00
	08-Aug	30080	R 18 589 385.00				08-Aug	49512	R 10 318 951.00
	08-Sep	26824	R 14 673 532.00				08-Sep	45800	R 11 569 878.00
	08-Oct	28117	R 12 960 740.00				08-Oct	51656	R 12 082 270.00
	08-Nov	26871	R 13 996 518.00				08-Nov	48197	R 9 591 278.00
	08-Dec	25669	R 15 093 684.00				08-Dec	44820	R 11 083 736.00
	09-Jan	25752	R 14 527 222.00				09-Jan	44381	R 15 839 268.00
	09-Feb	26919	R 14 427 046.00				09-Feb	51589	R 9 185 590.00
	09-Mar	25450	R 14 620 285.00				09-Mar	44527	R 11 473 752.00
	09-Apr	25037	R 15 576 026.00				09-Apr	45319	R 8 686 391.00
	09-May	25026	R 21 029 745.00				09-May	44562	R 12 789 377.00
	09-Jun	24805	R 15 080 133.00				09-Jun	43425	R 11 744 216.00
Total		R 241 034 030				Total		R 147 254 069	



MONTHLY BILLING 2008/9 Including Basic Charges					
MONTH	CLEANSING		MONTH	SANITATION	
	number	amount		number	amount
08-Jul	42333	R 2 368 832.00	08-Jul	50354	R 3 189 339.00
08-Aug	43049	R 2 365 148.00	08-Aug	42150	R 2 986 855.00
08-Sep	42331	R 2 362 904.00	08-Sep	42156	R 2 986 999.00
08-Oct	42333	R 2 363 749.00	08-Oct	42163	R 2 989 556.00
08-Nov	42329	R 2 397 531.00	08-Nov	42163	R 2 989 786.00
08-Dec	42328	R 2 399 054.00	08-Dec	42164	R 2 992 054.00
09-Jan	42327	R 2 399 055.00	09-Jan	42164	R 2 992 070.00
09-Feb	42369	R 2 400 018.00	09-Feb	42207	R 2 994 188.00
09-Mar	42384	R 2 406 053.00	09-Mar	42223	R 3 016 540.00
09-Apr	42380	R 2 405 409.00	09-Apr	42225	R 3 016 779.00
09-May	42400	R 2 404 379.00	09-May	42251	R 3 017 137.00
09-Jun	42408	R 2 405 270.00	09-Jun	42262	R 3 018 012.00
<b>Total</b>		<b>R 28 677 402</b>	<b>Total</b>		<b>R 36 189 315</b>





MONTH	PROPERTY RATES	
	number	Amount
08-Jul	38467	R 8 149 820.00
08-Aug	43930	R 49 282 137.00
08-Sep	36140	R 7 613 041.00
08-Oct	36005	R 9 281 657.00
08-Nov	36229	R 7 113 916.00
08-Dec	36290	R 7 146 433.00
09-Jan	36352	R 7 093 276.00
09-Feb	36585	R 7 242 298.00
09-Mar	36599	R 7 259 697.00
09-Apr	36608	R 7 299 420.00
09-May	36683	R 7 321 731.00
09-Jun	36734	R 7 363 216.00
Total		R 132 166 642.00



## DEBTORS MANAGEMENT

In addition to seeking to outsource a portion of our debtor's book we have focused on internal methods of re-energising our debtor's management. We are in the advanced stages of reviewing our Credit Control and Debt Collection Policy as well as our Indigent Management Policy. Stricter enforcement of these policies as well as the closer monitoring of our debtor's book have shown improved fourth quarter results which is also significant in light of the perceived recession and "credit crunch".



DEBTORS AGE ANALYSIS BY FUNCTION AS AT 30 JUNE 2009					
-	CURRENT	30 DAYS	60 DAYS	90 DAYS PLUS	TOTAL
Rates	R 6 514 639	R 2 292 397	R 1 752 516	R 55 229 155	R 65 788 707
Sewerage	R 2 760 149	R 1 739 716	R 1 583 709	R 37 011 351	R 43 094 925
Refuse	R 2 228 398	R 1 382 188	R 1 235 720	R 31 349 134	R 36 195 440
Electricity	R 15 437 146	R 4 541 717	R 2 048 152	R 28 995 243	R 51 022 258
Water	R 11 085 865	R 7 093 896	R 5 067 240	R 77 894 888	R 101 141 889
Housing rentals	R 451 829	R 364 201	R 338 383	R 9 705 453	R 10 859 866
Miscellaneous	R 15 102 283	R 6 339 351	R 5 502 514	R 176 998 720	R 203 942 868
Total					<b>R 512 045 953</b>



# REVENUE BUDGETED VS. BILLED FOR YEAR ENDED 30 JUNE 2009

Description	Budgeted	Actual Billed	Actual Received	Rate
Property rates	132 000 000	132 166 642	107 015 778	80.97%
Electricity	224 336 904	241 034 030	139 840 478	58.02%
Water	119 111 946	147 254 069	74 542 933	50.62%
Refuse	26 788 032	28 677 402	16 144 095	56.30%
Sanitation	36 381 980	36 189 315	19 986 348	55.23%
Interest earned - outstanding debtors	42 800 000	36 334 394	4 516 381	12.43%
Total Revenue	581 418 862	621 655 852	362 046 011.96	58.24%



## CREDIT RATING

Our current credit rating performed by Moody's is A3za.

Moody's Investment Services have the following ratings:

Long-term Debt Ratings (maturities of one year or greater)

Investment Grade

Aaa – "gilt edged"

Aa1, Aa2, Aa3 – high-grade

A1, A2, A3 – upper-medium grade

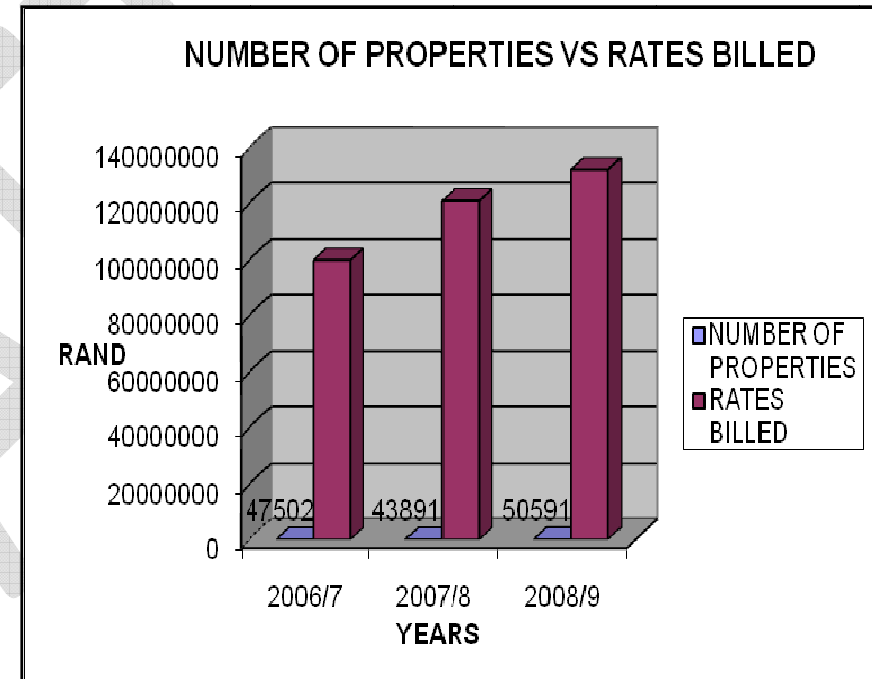
Baa1, Baa2, Baa3 – medium grade

## RATES AND VALUATIONS

It has been noted that there has been a rapid decrease in construction. This is attributed to banks stricter lending criteria, the introduction of the NCA, and the slowed investor activity and confidence.

Sol Plaatje Municipality performs interim valuation when necessary to take into account changes in individual property values due to alterations and sub-divisions. A general rate of

R0.010505 is applied to valuations. This has a calculated property rates increase of R3 390 486 from the 01-07-08 budgeted amount of R129 051 000.



## **THE ANNUAL FINANCIAL STATEMENTS**

The Accounting Officer of the municipality submitted the annual financial statements to the Auditor General on the 27<sup>th</sup> of August 2009 in line with the requirements of the law.

The audited financial statements for the year ended 30 June 2009 are as follows;



**SOL PLAATJE MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

	Note	2009	2008
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>635,207,408</b>	<b>574,135,355</b>
Capital replacement reserve		74,851	7,798,525
Capitalization reserve		50,648,597	55,295,717
Government grant reserve		317,670,184	269,344,795
Self-insurance reserve		16,733,761	16,611,805
COLD reserve		7,549,079	7,229,485
Accumulated Surplus/(Deficit)		242,530,936	217,855,029
<b>Non-current liabilities</b>		<b>64,956,808</b>	<b>51,835,375</b>
Long-term liabilities	2	64,956,808	51,835,375
<b>Current liabilities</b>		<b>133,319,523</b>	<b>155,956,880</b>
Consumer deposits	4	8,980,853	8,706,501
Creditors	6	73,651,397	58,641,461
Unspent conditional grants and receipts	7	6,429,244	27,552,361
VAT	8	35,014,636	23,562,791
Bank overdraft	18	2,349,909	32,757,359
Current portion of long-term liabilities	2	6,893,483	4,736,406
<b>Total Net Assets and Liabilities</b>		<b>833,483,740</b>	<b>781,927,611</b>



## ASSETS

### Non-current assets

Property, plant and equipment  
Long-term receivables

10  
13

**534,158,260**

534,158,260  
0

**486,961,481**

486,852,977  
108,504

### Current assets

Inventory  
Consumer debtors  
Other debtors  
VAT  
Operating lease asset  
Current portion of long-term debtors  
Bank balances and cash

14  
15  
16  
8  
51  
13  
18

**299,325,479**

15,791,080  
247,292,854  
17,923,414  
1,453,451  
12,521  
113,424  
16,738,735

**294,966,130**

12,859,663  
183,862,386  
14,592,055  
4,132,642  
26,260  
454,388  
79,038,735

### Total Assets

**833,483,740**

**781,927,611**





**SOL PLAATJE MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

Budget			Actual	
2008 R	2009 R	Note	2009 R	2008 R
REVENUE				
120,800,000	132,000,000	19	132,441,486	120,750,409
335,500,000	408,882,947	20	406,650,596	330,679,506
10,300,000	10,451,635		10,760,696	10,462,515
8,500,000	8,000,000	25	5,916,648	11,450,596
49,856,000	42,800,000	25	36,334,394	48,051,954
4,450,000	4,533,300		4,187,923	4,307,087
3,550,000	4,360,000		6,425,257	2,622,746
122,137,829	161,906,368	21	154,780,058	117,247,007
11,500,000	27,873,687	22	25,385,668	11,808,495
666,593,829	800,807,937	Total Revenue	782,882,726	657,380,316



		EXPENDITURE			
222,728,227	262,938,554	Employee related costs	23	259,603,835	227,563,698
9,678,655	10,414,817	Remuneration of Councillors	24	9,573,994	9,607,027
60,000,000	74,000,000	Bad debts - Provision	15	74,000,000	60,000,000
1,100,000	1,490,000	Collection costs		1,407,348	1,133,289
31,247,000	34,066,475	Depreciation	50	47,833,480	34,285,535
30,294,000	42,925,186	Repairs and maintenance		52,336,881	32,265,230
6,162,610	8,172,393	Interest paid	25	8,870,789	7,067,967
116,000,000	152,400,000	Bulk purchases	26	143,605,360	112,341,689
610,000	600,000	Grants and subsidies paid	27	300,000	531,368
129,928,508	135,623,036	General expenses	28	124,278,987	109,711,763
<b>607,749,000</b>	<b>722,630,461</b>	<b>Total Expenditure</b>		<b>721,810,673</b>	<b>594,507,566</b>
<b>58,844,829</b>	<b>78,177,476</b>	<b>SURPLUS/(DEFICIT)</b>		<b>61,072,053</b>	<b>62,872,750</b>
0	0	Share of surplus/(deficit) of associate accounted for under the equity method	29	0	0
<b>58,844,829</b>	<b>78,177,476</b>	<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>61,072,053</b>	<b>62,872,750</b>



**SOL PLAATJE MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009**

	Not e	Capital Replacem ent Reserve  R	Capitalizat ion Reserve  R	Governmen t Grant Reserve  R	Donatio ns and Public Contrib ution Reserv e R	Self- Insurance Reserve  R	COID Reserve  R	Revalu ation Reserv e  R	Accumulat ed Surplus/ (Deficit)  R	Total  R
<b>2008</b>										
Balance at 1 July 2007		12,915,083	61,963,833	231,347,890	18	16,729,389	6,689,268	0	160,699,779	490,345,260
Change in accounting policy	31								0	0
Correction of error	32			176	-18				20,917,186	20,917,344
Restated balance		12,915,083	61,963,833	231,348,066	0	16,729,389	6,689,268	0	181,616,965	511,262,605
Surplus/(deficit) for the year									62,872,751	62,872,751
Transfer to CRR		33,000,000							-33,000,000	0
Property, plant and equipment purchased		-							38,116,558	0
Capital grants used to purchase PPE		38,116,558		53,433,994					-53,433,994	0
Contribution to Insurance Reserve						-117,584	540,217		-422,632	0



Offsetting of depreciation			-6,668,116	-15,437,265					22,105,381	0
<b>Balance at 30 June 2008</b>		<b>7,798,525</b>	<b>55,295,717</b>	<b>269,344,795</b>	<b>0</b>	<b>16,611,805</b>	<b>7,229,485</b>	<b>0</b>	<b>217,855,029</b>	<b>574,135,355</b>
<b>2009</b>										
Change in accounting policy	31								0	0
Correction of error	32								0	0
<b>Restated balance</b>		<b>7,798,525</b>	<b>55,295,717</b>	<b>269,344,795</b>	<b>0</b>	<b>16,611,805</b>	<b>7,229,485</b>	<b>0</b>	<b>217,855,029</b>	<b>574,135,355</b>
Surplus/(deficit) for the year									61,072,053	61,072,053
Transfer to CRR		10,600,000							-10,600,000	0
Property, plant and equipment purchased		-							18,323,674	0
Capital grants used to purchase PPE		18,323,674							-66,606,260	0
Donated/contributed PPE				66,606,260					0	0
Contribution to Insurance Reserve						121,956	319,594		-441,550	0
Asset disposals									0	0
Offsetting of depreciation			-4,647,120	-18,280,871					22,927,991	0
<b>Balance at 30 JUNE 2009</b>		<b>74,851</b>	<b>50,648,597</b>	<b>317,670,184</b>	<b>0</b>	<b>16,733,761</b>	<b>7,549,079</b>	<b>0</b>	<b>242,530,936</b>	<b>635,207,408</b>



**SOL PLAATJE MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009	2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		579,101,444	525,311,944
Cash paid to suppliers and employees		564,896,850	486,308,729
Cash generated by operations	33	14,204,594	39,003,215
Interest received		42,251,042	59,502,550
Interest paid		-8,870,789	-7,067,967
<b>NET CASH FROM OPERATING ACTIVITIES</b>		47,584,847	91,437,798
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	10	-95,138,763	-110,772,395
(Increase)/decrease in long term receivables	13	108,504	14,691,503
<b>NET CASH FROM INVESTING ACTIVITIES</b>		-95,030,259	-96,080,892
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised		21,018,089	327,032
(Loans repaid)		-5,739,579	-4,385,508
Increase in consumer deposits	4	274,352	1,199,065
<b>NET CASH FROM FINANCING ACTIVITIES</b>		15,552,863	1,526,097
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		-31,892,549	-3,116,997
Cash and cash equivalents at the beginning of the year		46,281,376	49,398,373
Cash and cash equivalents at the end of the year	34	14,388,826	46,281,376



**SOL PLAATJE MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention except where indicated otherwise.

The annual financial statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 3 and 5 issued by the ASB in March 2009.

The Accounting Framework of the municipality, based on the preceding paragraphs is therefore as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	Effect of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 9	Paragraphs relating to Revenue from Non-Exchange Transactions
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosure



IPSAS	21	Impairment of Non Cash-Generating Assets
IFRS	3	Business Combinations
IFRS	7	Financial Instruments: Disclosures
IAS	19	Employee Benefits
IAS	32	Financial Instruments: Presentation
IAS	36	Impairment of Assets
IAS	39	Financial Instruments: Recognition and Measurement
IFRIC	4	Determining whether an arrangement contains a lease
<b>1.1.CHANGES IN ACCOUNTING POLICY AND COMPARABILITY</b>		
Accounting Policies have been consistently applied, except where otherwise indicated below:		
For the year ended 30 June 2008 the municipality complied with the three effective GRAP standards, the eight effective GAMAP standards, all relevant GAAP Standards and all relevant exemptions as set out in Government Gazette 30013, as at that date. For the year ended 30 June 2009 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy are set out below.		
As of 1 July 2008 the Municipality changed its accounting policy for the valuation of inventory for consumable stores, raw materials, work-in-progress and finished goods from the weighted average cost method to the first in first out (FIFO) method due to the financial system conversion.		
<b>1.2.CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS</b>		
The following are the critical judgments, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognized in Annual Financial Statements:		
<b>1.2.1. Revenue Recognition</b>		
Accounting Policy on Revenue from Exchange Transactions and Accounting Policy on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.		
In making their judgment, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.		
<b>1.2.2. Financial assets and liabilities</b>		
The classification of financial assets and liabilities, into categories, is based on judgment by management.		
<b>1.2.3. Impairment of Financial Assets</b>		
Accounting Policy on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: Financial Instruments - Recognition and Measurement.		



<b>1.2.4. Useful lives of Property, Plant and Equipment</b>
As described in Accounting Policy, the municipality depreciates its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.
<b>1.2.5. Impairment: Write down of PPE and Inventories</b>
Significant estimates and judgments are made relating to PPE impairment tests and write down of Inventories to Nett Realizable Values.
Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.
<b>1.3. PRESENTATION CURRENCY</b>
The Annual Financial Statements are presented in South African Rand rounded off to the nearest Rand which is the Municipality's functional currency...
<b>1.4. GOING CONCERN ASSUMPTION</b>
The Annual Financial Statements have been prepared on a going concern basis.
<b>1.5. OFFSETTING</b>
Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.
<b>1.6. HOUSING DEVELOPMENT FUND</b>
The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing. No Housing Development Fund exists presently.
<b>1.7. PROPERTY, PLANT AND EQUIPMENT</b>
<i>1.7.1. Initial and Subsequent Measurement</i>
Property, plant and equipment are initially recognized at cost or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. Subsequently all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment.
Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognized as an expense in the period that the impairment is identified.
Subsequent expenditure relating to property, plant and equipment is capitalized if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured.
<i>1.7.2. Depreciation</i>
Land is not depreciated. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives:

